

KESKO

Interim report

January-June 2013

24 July 2013

SVP, CFO Jukka Erlund

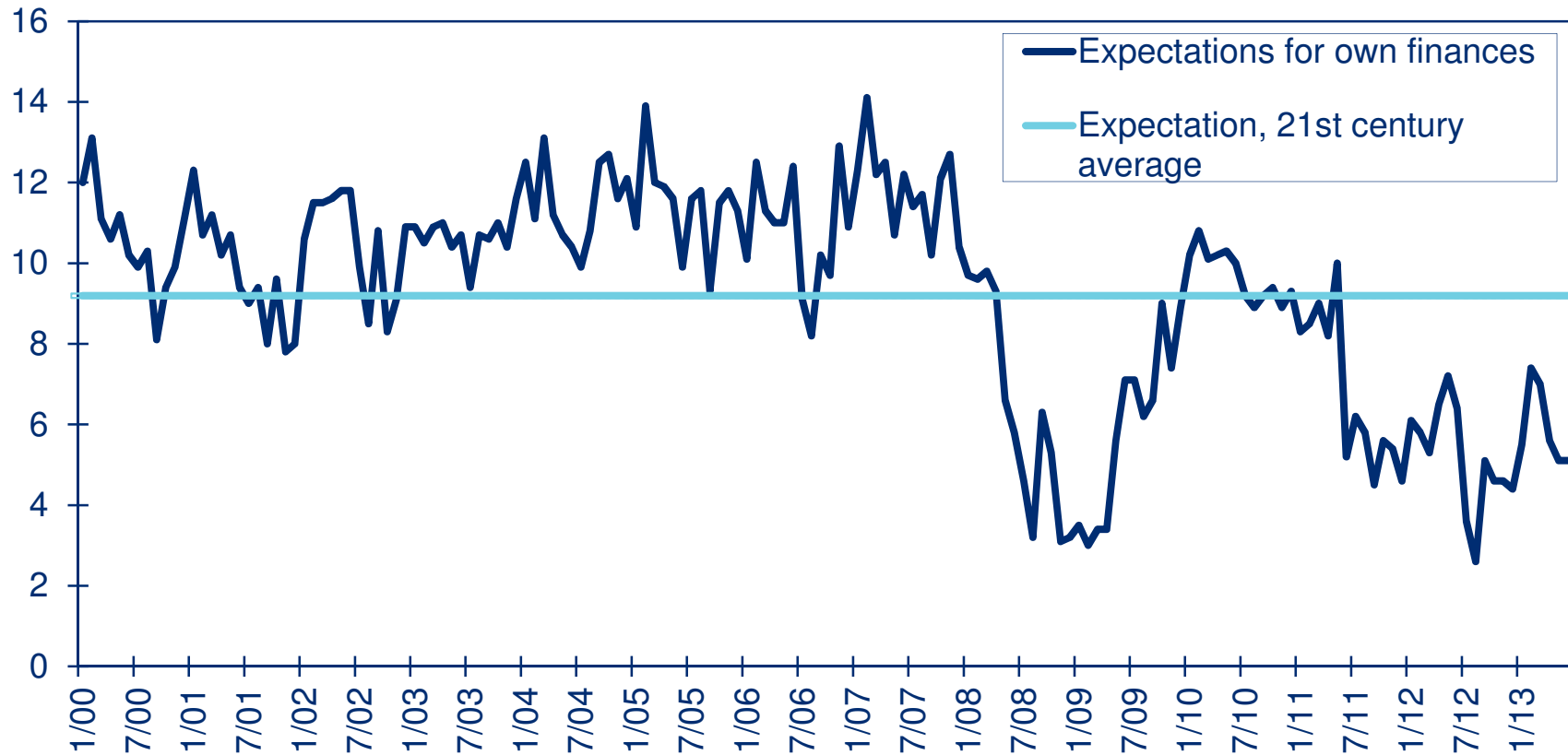


Kesko's profitability improved in the first half of the year

- Kesko's net sales €4.6bn, change -4.2%
 - Consumer demand declined in all divisions, especially in the department store trade and the building and home improvement trade in Finland
- Operating profit excluding non-recurring items €88m (€82m)
 - Profitability programme launched a year ago has progressed as planned
 - In January-June, costs €40m lower than in the previous year
- Kesko's financial position very strong
 - Cash flow net of capital expenditure €106m (€-115m)
 - Liquid assets €474m and interest-bearing net debt €113m
- The Kesko Group's net sales and operating profit excluding non-recurring items for the next twelve months are expected to remain at the level of the preceding twelve months

Consumers' expectations for own finances

own finances after 12 months



Source: Statistics Finland

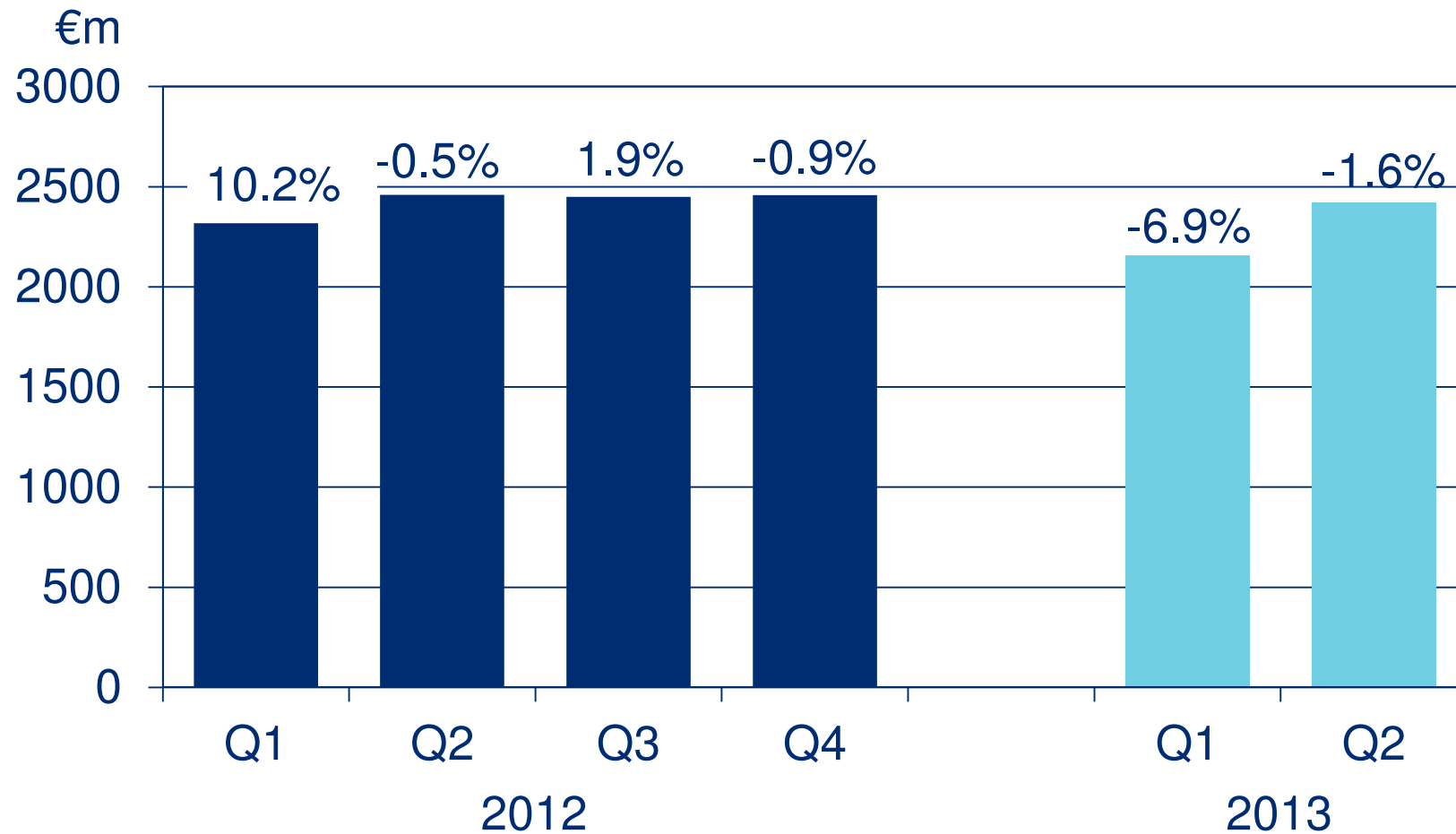
Profit for 1-6/2013

	1-6/2013	1-6/2012
Net sales, €m	4,580	4,778
Net sales, change, %	-4.2	+4.4
Fixed costs, €m	885	925
Operating profit excl. non-recurring items, €m	88	82
Net financial items, €m	-3	0
Profit before tax, €m	93	82

Financial position

	1-6/ 2013	1-6/ 2012	1-12/ 2012
Cash flow net of capital expenditure, €m	106	-115	-9
Liquid assets, €m	474	253	489
Interest-bearing net debt, €m	113	310	135
Equity ratio, %	50.5	51.2	52.5
Capital expenditure, €m	90	172	378

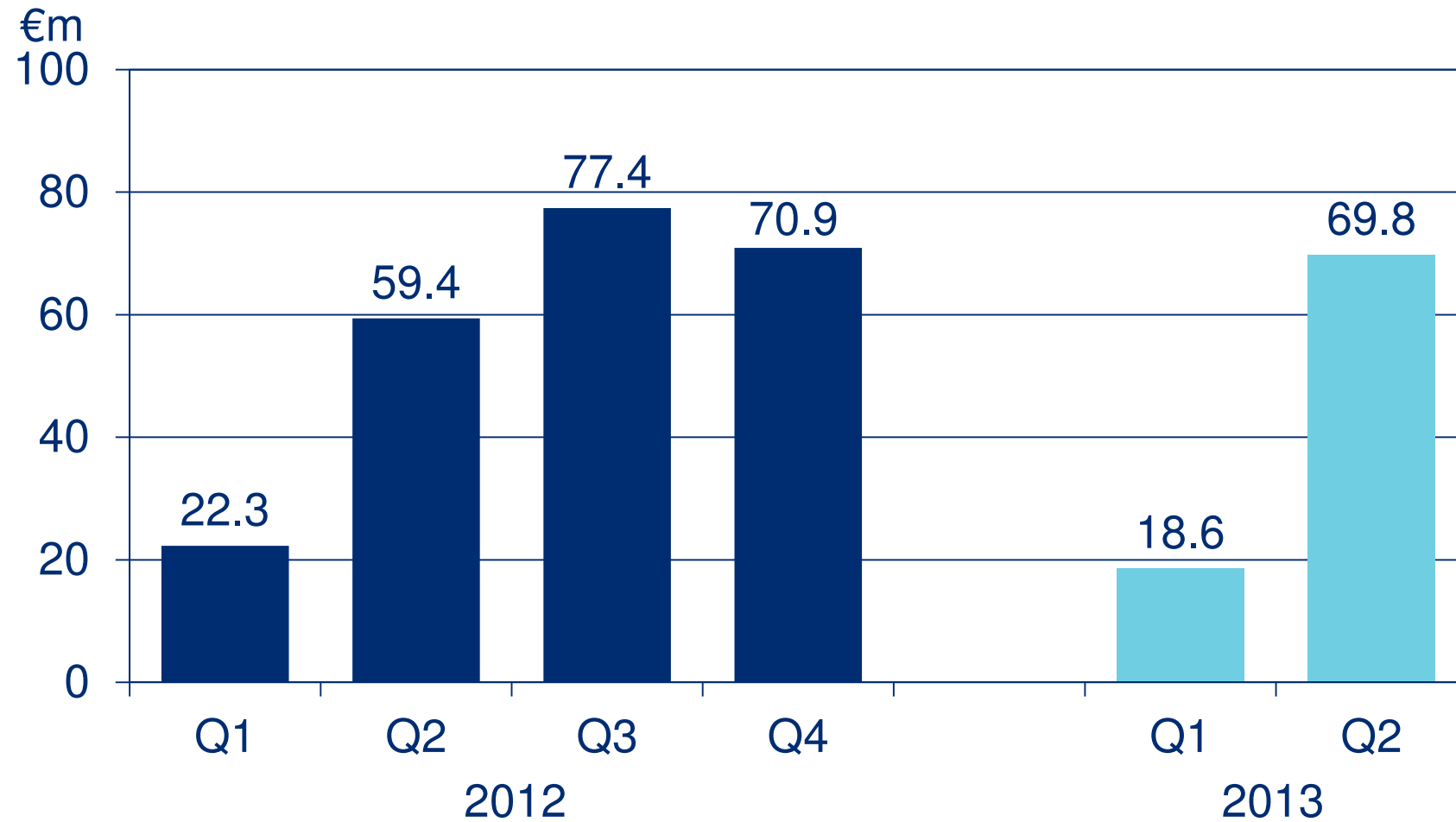
Net sales by quarter



Net sales by division (€m)

	1-6/2013	Change	4-6/2013	Change
Food trade	2,144	+2.0%	1,099	+0.7%
Home and speciality goods trade	667	-7.6%	322	-8.7%
Building and home improvement trade	1,302	-7.7%	740	-5.4%
Car and machinery trade	551	-12.2%	301	+9.8%
Group total	4,580	-4.2%	2,420	-1.6%

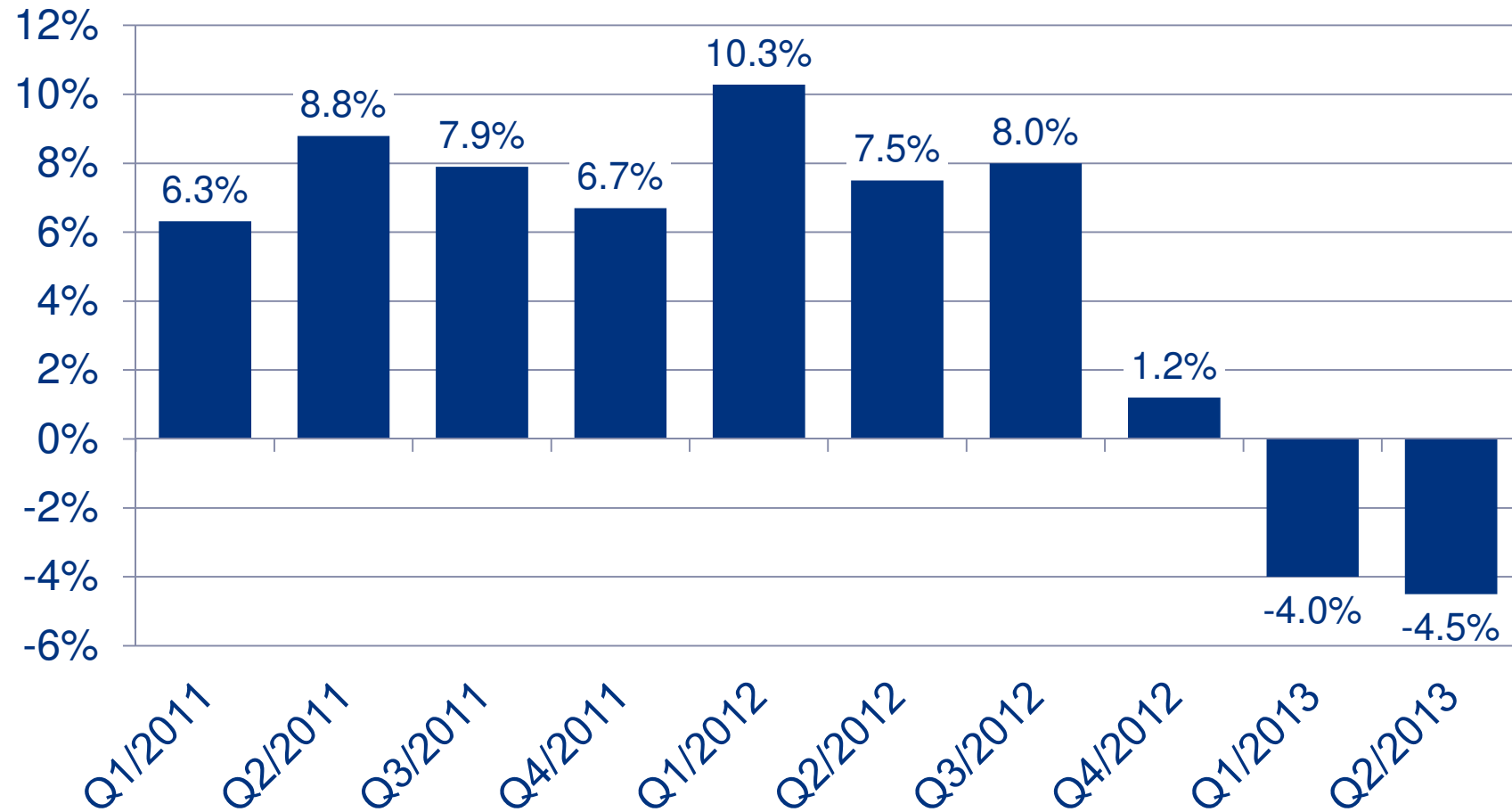
Operating profit excl. non-recurring items by quarter



Operating profit excl. non-recurring items by division (€m)

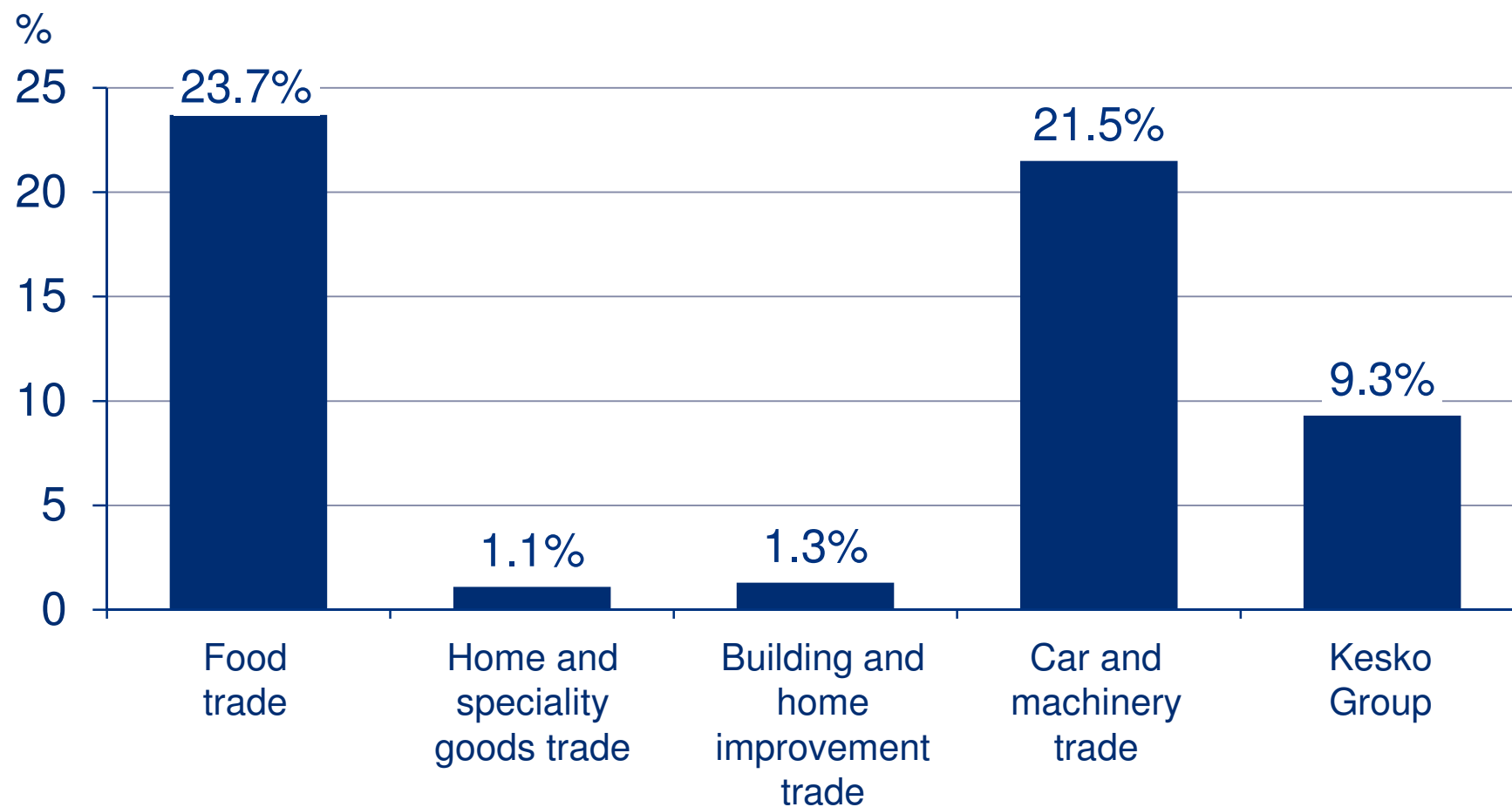
	1-6/2013	Change	4-6/2013	Change
Food trade	99.0	25.7	50.8	12.1
Home and speciality goods trade	-27.8	-14.2	-10.0	-9.3
Building and home improvement trade	2.9	-3.3	19.5	4.2
Car and machinery trade	20.8	-5.0	13.0	2.7
Group total	88.4	6.7	69.8	10.3

Year-on-year change in fixed costs (%), excluding non-recurring items



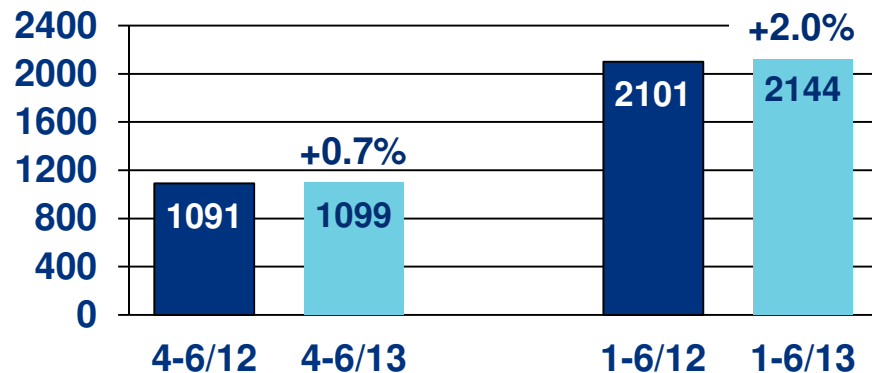
Return on capital employed

moving 12 mo, excl. non-recurring items

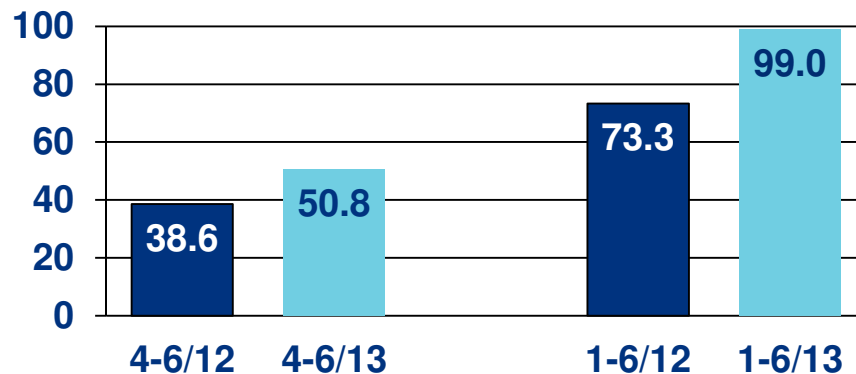


In the food trade, sales growth slow, profit improved due to enhancement measures

Net sales, €m

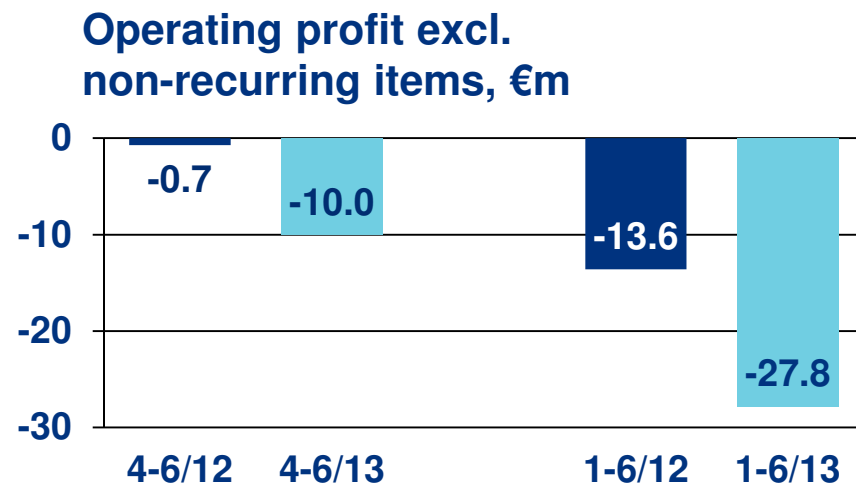
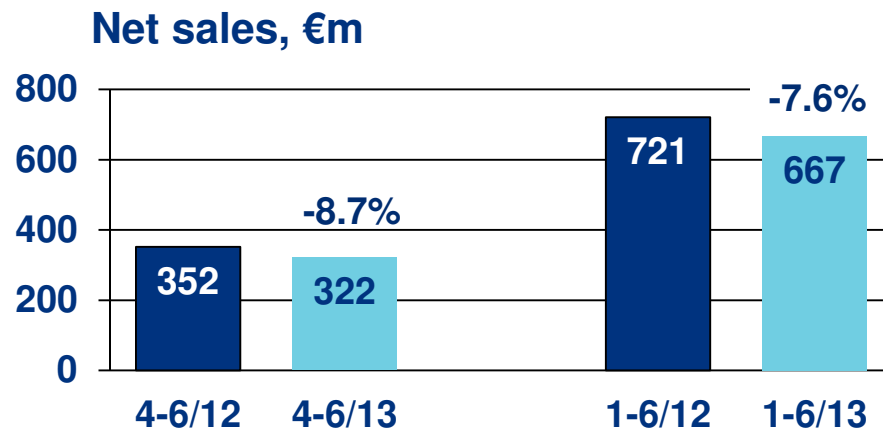


Operating profit excl. non-recurring items, €m



- Kesko Food's net sales growth +2.0%
 - In Finland, the grocery sales of K-food stores increased by +0.2%
 - In St. Petersburg, the sales and profitability of K-food stores better than expected
- Profitability improvement continued
 - Significant savings achieved through enhanced operations
- Capital expenditure €44m (€96m)
- The second K-ruoka store opened in St. Petersburg and in Finland, a K-citymarket in Kokkola and two K-supermarkets were opened

In the home and speciality goods trade, focus on the improvement of department store sales and profit

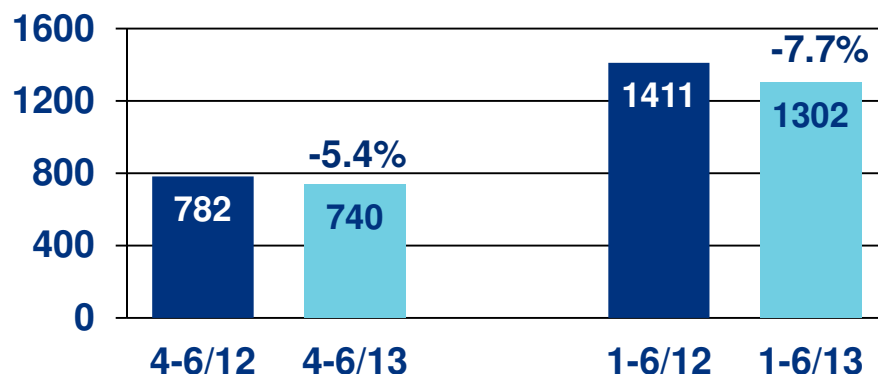


- Consumer demand has weakened and customer behaviour changed rapidly especially in the department store trade
- Profitability negatively impacted by the weak profit performances of Anttila and Intersport Russia
- Sales and profitability of Intersport and Budget Sport, as well as Asko and Sotka at a good level
- Significant reorganisation of the networks of Musta Pörssi and Intersport Russia
- Significant cost savings achieved
- Capital expenditure €14m (€29m)

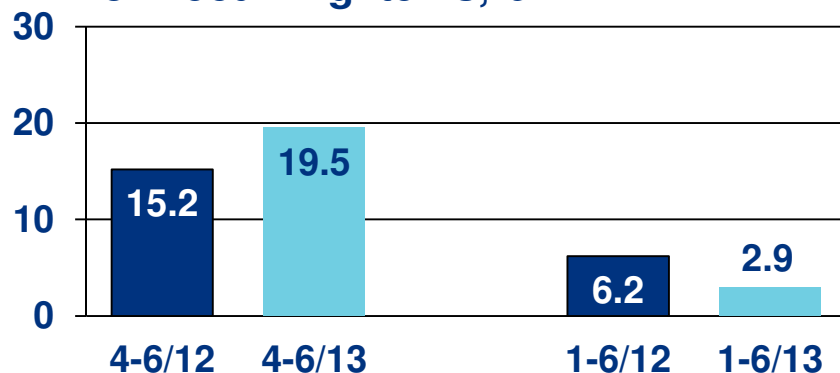
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In the building and home improvement trade, sales decreased, cost savings supported profit performance

Net sales, €m

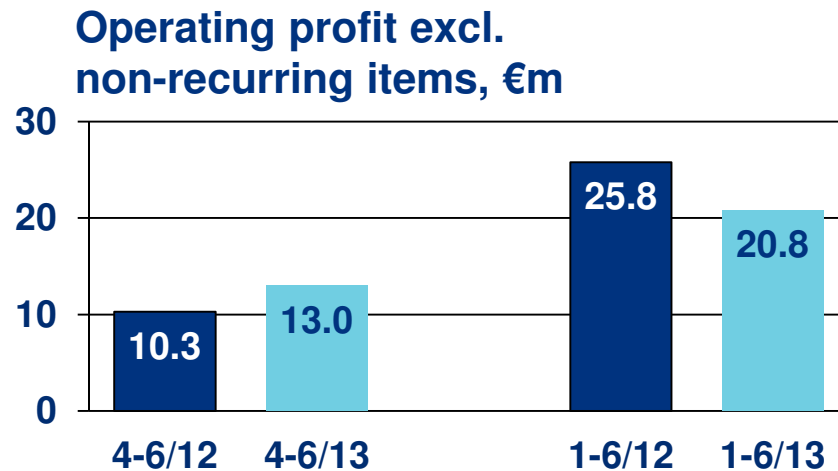
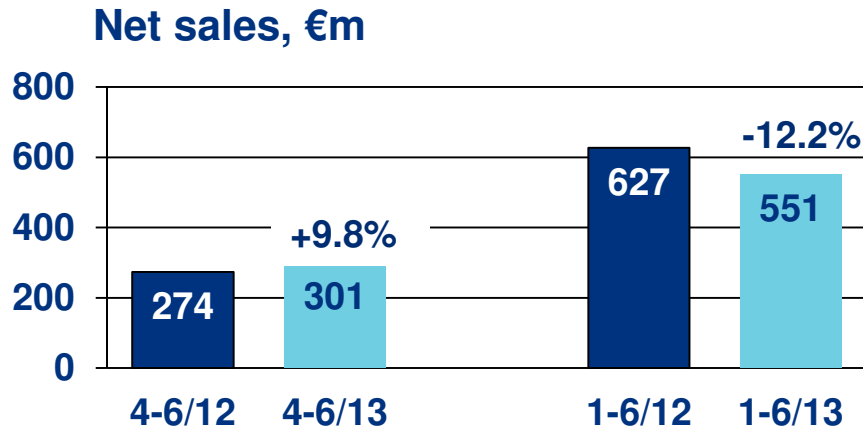


Operating profit excl. non-recurring items, €m



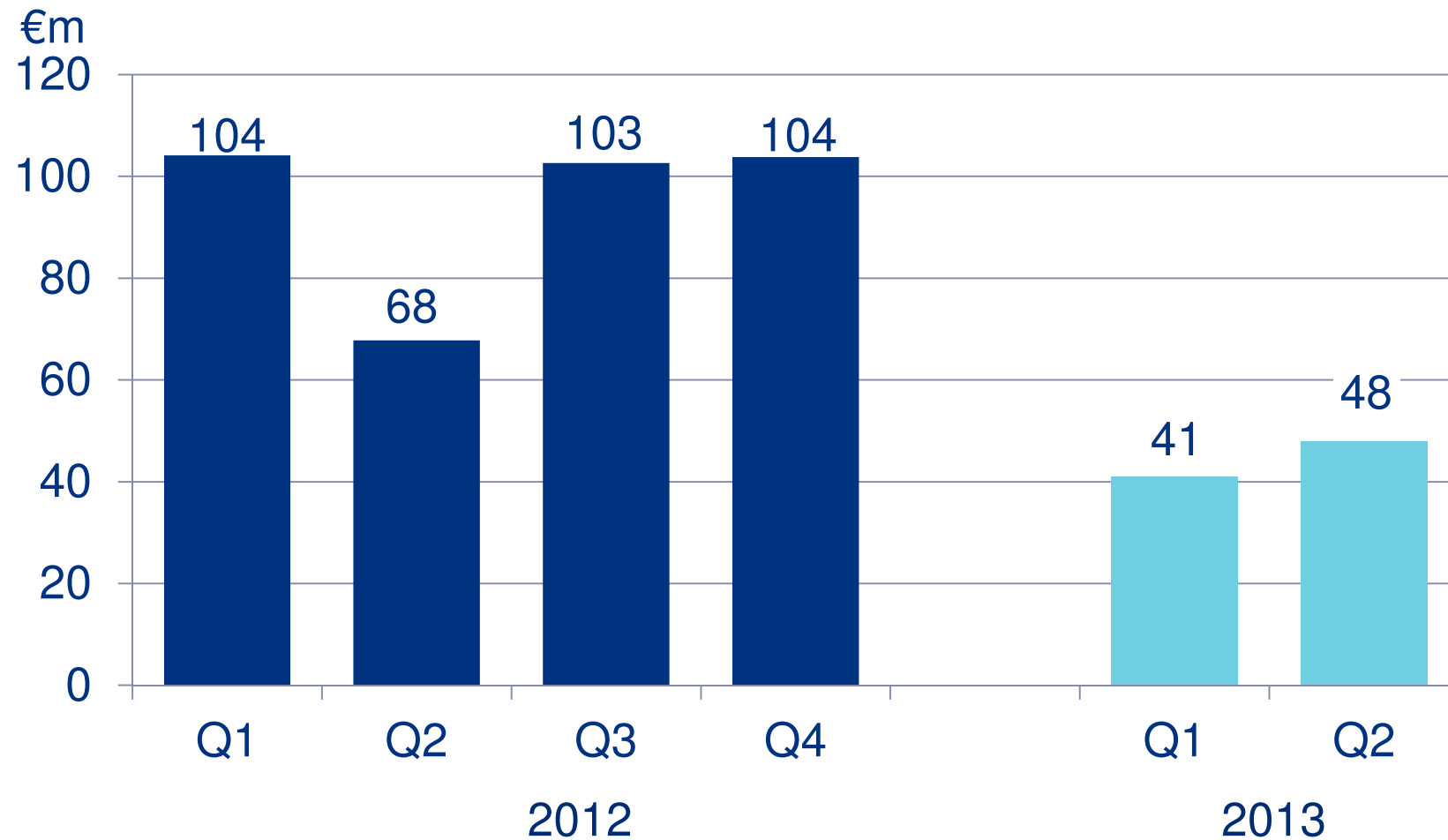
- Market situation in the building and home improvement trade still weak
- Net sales performance in the building and home improvement trade -7.7%
 - Excluding the impact of retailer changes in Norway, net sales performance was -2.0%
 - Sales decrease strongest in basic building materials
- Costs lower than in the previous year regardless of new store sites
- Capital expenditure €22m (€26m)
 - In April, a K-rauta opened in Moscow

Volkswagen market leader in the car trade

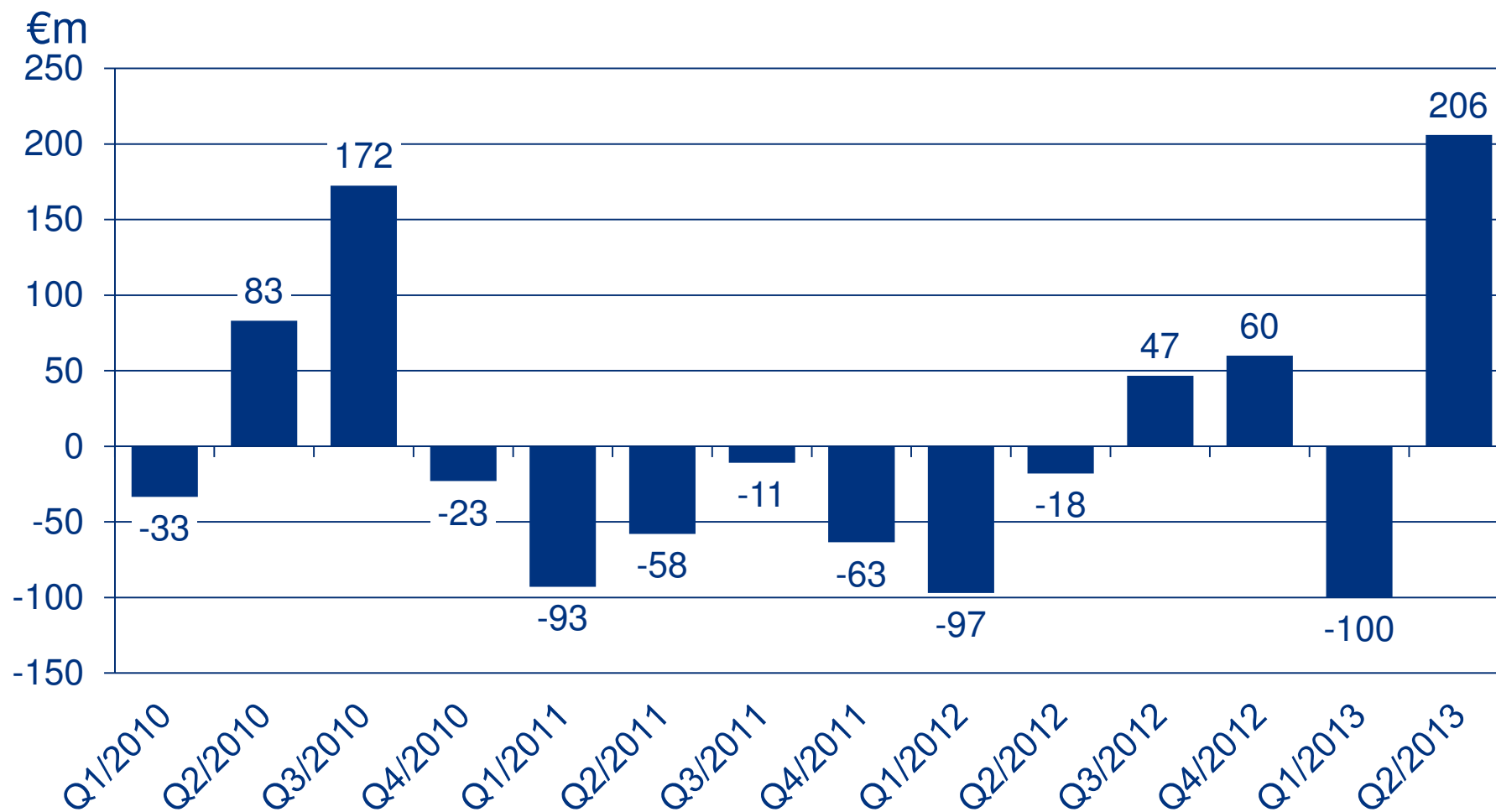


- Market share of Audi, Volkswagen and Seat increased from the previous year and stood at 21.1%
- VV-Auto's sales performance -13%
 - In the first half of the year, market performance of the first time registrations of passenger cars and vans -16%
- Konekesko's sales performance -11%
 - Performance in Finland -20% and in the Baltics +7%
- Profitability of the car trade remained at a good level regardless of weakened market situation
 - Adjustment of costs and inventories implemented as planned

Capital expenditure €200-300m at annual level



Cash flow net of capital expenditure clearly positive



Future outlook

Estimates of the future outlook for the Kesko Group's net sales and operating profit excluding non-recurring items are given for the 12 months following the reporting period (7/2013-6/2014) in comparison with the 12 months preceding the reporting period (7/2012-6/2013).

Resulting from the problems of European national economies, the future prospects for the general economic situation and consumer demand continue to be characterised by significant uncertainty. In consequence of weakened employment and consumers' purchasing power, the growth prospects for the trading sector remain weak.

In the Finnish grocery trade, the market is expected to remain stable. As a result of the weakened economic situation, the demand in the home and speciality goods trade, the building and home improvement trade and the car and machinery trade is expected to remain weak.

The Kesko Group's net sales and the operating profit excluding non-recurring items for the next twelve months are expected to remain at the level of the preceding twelve months.

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